

<i>SERFF Tracking Number:</i>	<i>CFAP-125360305</i>	<i>State:</i>	<i>District of Columbia</i>
<i>Filing Company:</i>	<i>Group Hospitalization and Medical Services, Inc.State Tracking Number:</i>		
<i>Company Tracking Number:</i>	<i>0997</i>		
<i>TOI:</i>	<i>H21 Health - Other</i>	<i>Sub-TOI:</i>	<i>H21.000 Health - Other</i>
<i>Product Name:</i>	<i>GHMSI Filing #997 DC PPO Open Enrollment</i>		
<i>Project Name/Number:</i>	<i>DC PPO OE 200804 eff/997</i>		

## Filing at a Glance

Company: Group Hospitalization and Medical Services, Inc.

Product Name: GHMSI Filing #997 DC PPO      SERFF Tr Num: CFAP-125360305      State: District of Columbia  
Open Enrollment

TOI: H21 Health - Other

SERFF Status: Closed-APPROVEDState Tr Num:

Sub-TOI: H21.000 Health - Other

Co Tr Num: 0997

State Status:

Filing Type: Rate

Reviewer(s): Laszlo Pentek

Authors: Anna Guloy, Todd Switzer,Disposition Date: 12/18/2007

David Mok, Katheryn Barron

Date Submitted: 11/16/2007

Disposition Status: APPROVED

Implementation Date Requested: 04/01/2008

Implementation Date:

## General Information

Project Name: DC PPO OE 200804 eff

Status of Filing in Domicile:

Project Number: 997

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Group Market Size:

Overall Rate Impact:

Group Market Type:

Filing Status Changed: 12/18/2007

Explanation for Other Group Market Type:

State Status Changed:

Deemer Date:

Created By: Katheryn Barron

Submitted By: Katheryn Barron

Corresponding Filing Tracking Number:

Filing Description:

This filing contains the rate proposal for Group Hospitalization and Medical Services, Inc. (GHMSI) dba CareFirst BlueCross BlueShield's individual, non-Medigap, PPO Open Enrollment medical and prescription drug coverages, with an effective date of April 1, 2008. Please refer to the Cover Letter/Filing Description (Supporting Documentation) and Actuarial Memorandum (Rate/Rule Schedule) for more details.

## Company and Contact

### Filing Contact Information

Katheryn Barron, Actuarial Assistant  
10455 Mill Run Circle

katheryn.barron@carefirst.com  
410-998-5716 [Phone]

SERFF Tracking Number: CFAP-125360305 State: District of Columbia  
Filing Company: Group Hospitalization and Medical Services, Inc.State Tracking Number:  
Company Tracking Number: 0997  
TOI: H21 Health - Other Sub-TOI: H21.000 Health - Other  
Product Name: GHMSI Filing #997 DC PPO Open Enrollment  
Project Name/Number: DC PPO OE 200804 eff/997

Owings Mills, MD 21117 410-720-5946 [FAX]

### Filing Company Information

Group Hospitalization and Medical Services, CoCode: 53007 State of Domicile: District of  
Inc. Columbia  
840 First Street NE Group Code: Company Type: Hospital, Medical &  
Washington, DC 20065 Group Name: Dental Service or Indemnity  
(410) 581-3000 ext. [Phone] FEIN Number: 53-0078070  
State ID Number:

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### Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:  
Per Company: No

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## Supporting Document Schedules

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Actuarial Justification <b>Comments:</b> <b>Attachment:</b> DC_GHMSI_Certification.pdf	APPROVED	12/18/2007

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Cover Letter / Filing Description <b>Comments:</b> <b>Attachment:</b> Cover Letter PPO OE.pdf	APPROVED	12/18/2007

## **ACTUARIAL CERTIFICATION**

I, Todd Switzer, am the Director of Actuarial Pricing with Group Hospitalization and Medical Services, Inc (GHMSI) doing business as CareFirst BlueCross BlueShield and a member of the American Academy of Actuaries. I have been involved in the development of these rates.

To the best of my knowledge and judgment, this rate filing complies with applicable laws and regulations of the District of Columbia and produces premiums that are reasonable in relation to benefits provided.



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Todd Switzer, A.S.A., M.A.A.A.  
Director of Actuarial Pricing  
CareFirst BlueCross BlueShield  
NAIC Number 53007  
Finance Division  
Mail Drop Point 01-780  
10455 Mill Run Circle  
Owings Mills, MD 21117-4208

November 16, 2007



Mr. Laszlo Pentek  
Actuary  
Government of the District of Columbia  
Department of Insurance, Securities and Banking  
Insurance Products Division  
810 First Street, NE, Suite 701  
Washington, DC 20002-8023

Re: Group Hospitalization and Medical Services, Inc. dba  
CareFirst BlueCross BlueShield  
NAIC# 53007, FEIN# 53-0078070  
Individual, non-Medigap Business  
PPO/BluePreferred Open Enrollment  
Medical and Prescription Drug Coverage  
Filing # 997 (Previous Approved Filing Number: #957)

Dear Mr. Pentek:

Attached for your review is the actuarial memorandum for Group Hospitalization and Medical Services, Inc. dba CareFirst BlueCross BlueShield's (NAIC # 53007) individual, non-Medigap, PPO Open Enrollment coverage for an April 1, 2008 effective date. Currently, CareFirst BlueCross BlueShield (CFBCBS) prices the DC PPO Open Enrollment Medical and Rx products at a 25.0% load of the rates for comparable Underwritten products. In order to maintain this load for Medical and open Rx products, CFBCBS is proposing a 9.2% rate increase for the Medical product and no change for the open Rx product. As we are no longer pricing the closed Rx products with open Rx, we are proposing a 9.0% rate increase for those closed products. Below is a summary of the pricing analysis pages for both medical and prescription drug coverages (pages 3 and 16 in the actuarial memorandum):

	<b>Contracts a/o 7/31/07</b>	<b>LR</b>	<b>Needed Rate Increase</b>	<b>Proposed Rate Increase</b>
Medical	908	155.0%	130.8%	9.2%
Open Rx	813	117.4%	114.4%	0.0%
Closed Rx	95	124.6%	127.9%	9.0%
Med & Rx combined	908	147.3%	128.1%	7.7%

As shown above, the proposed rate increase is lower than the needed rate increase. The shortfall will be subsidized by the Rate Stabilization Fund, as stipulated by DC Code § 35-4714(j)(1). Please refer to page 6 of the actuarial memorandum for more details.

CFBCBS is also proposing to change the Family tier factor from 2.7 to 2.67. CFBCBS will not adjust the base rates for revenue neutrality, and will instead absorb the resulting loss of revenue. An analysis of the tier factor change can be found on page 5 of the actuarial memorandum. This will apply to all Medical and Rx products.

The form numbers affected by this memorandum are as follows:

DC/DP-IEA 9/95

PPP-A/DC- 4/96

D-CMM/MM ATTB/DB-4/96

DC/C-OE (R. 5/05)

DC/NCA/RX-DRUG 7/97

DC/NCA/RX-DRUG /SOB 7/97

DC/CF/IND RX3 (1/03)

We appreciate your consideration of this matter. If you have questions regarding this memorandum, please contact me at (410) 998-5716 or Mr. Todd Switzer, Director of Actuarial Pricing, at (410) 998-7107.

Sincerely,

Katheryn Black  
Actuarial Analyst  
Actuarial Pricing Department